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TAGS: [PGOV](#) [PREL](#) [AU](#)
SUBJECT: AUSTRIA'S OCTOBER 1 NATIONAL ELECTIONS --
CHANCELLOR SCHUESSEL KEEPS WIRE-TO-WIRE LEAD

REF: VIENNA 2787

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¶1. (SBU) Summary: This weekend's elections will likely result in a clear victory by the conservative People's Party (OVP) of Chancellor Wolfgang Schuessel. It will be no landslide, however, as the Social Democratic Party (SPO) has managed to shore up its position. Under current conditions, the most likely coalition to result will be an OVP-SPO Grand Coalition. The process of government formation will take at least a month, and could drag on longer. End Summary.

The Predictions: A Surprise Would be ... a Surprise

¶2. (SBU) Polling data and the best guesses of observers throughout Austria generally agree on what they expect to see Sunday afternoon when vote numbers emerge. There are no outliers predicting radically different results. The only caveats concern the effect of rather lower participation than usual, and the meaning of a relatively high number of "undecideds." That said, predictions fall around the following figures (with 2002 results in parentheses):

Austrian People's Party (OVP -- Conservative) -- 38-40 percent (2002 -- 42.3)
Social Democratic Party (SPO) -- 35-37 percent (2002 -- 36.5)
Freedom Party (FPÖ) -- 10-12 percent (2002 -- 10)
Greens -- 9-11 percent (2002 -- 9.5)
Alliance-Future-Austria (BZÖ) -- 2-4 percent (2002 -- did not exist; FPÖ-splinter "Liberal Forum" polled 3 percent)
Hans-Peter Martin -- 2-4 percent (2002 -- did not exist)

¶3. (SBU) Voter participation could be as low as 75 percent of registered voters, compared to the 2002 turnout of 84.2 percent. The reasons, analysts of all political stripes tell us, are clear: overconfidence on the part of OVP voters and disillusionment among SPO voters. Indeed, the OVP's ability to approach 40 percent may depend on its success in convincing its faithful to spend part of a beautiful Fall Sunday going to the polls.

¶4. (SBU) The latest polls show "undecideds" on the order of 10 to 15 percent of respondents. This may hide some protest votes (who could break for the FPÖ or for Hans-Peter Martin). However, an even greater share probably consists of SPO sympathizers who have not yet decided whether they will turn out at all. A significant share of that sub-set probably involves committed union members who resent the SPO's strategy of excluding union officials from the SPO candidate

list. (The SPO took this step in response to the scandal involving the "Bank fuer Arbeit und Wirtschaft, A.G." (BAWAG), an entity the Trade Union Federation (OGB) owned.)

15. (SBU) Double-digit expectations for the FPO are no surprise. FPO strategy has focussed on the bottom fifth of Austrian society who really do face competition from illegal workers and foreign claimants to the government's social welfare resources. The FPO does best in districts of Vienna in which low-income Austrians and poor immigrants mix. The major parties have had significant success in coopting the FPO's calls for law and order and stricter enforcement of immigration laws. It is important to note that the FPO's overt anti-Muslim slogans have found no resonance with the other parties. The FPO has not/not included anti-Semitic elements in its campaign, although, as our contacts in the Jewish community point out, the party's xenophobic campaign (directed against recent immigrants) would probably tend to draw support from anti-Semites.

Last-Minute Strategies

16. (SBU) The last two weeks of the campaign saw some relatively mild attempts at a "September surprise." The SPO rolled out two allegations against OVP Chancellor Wolfgang Schuessel. In one case, they tried to throw some BAWAG tar at him by "revealing" that he had participated in a conference in Bulgaria that BAWAG had sponsored. (The OVP quickly countered with the argument that it was entirely reasonable for the Chancellor to appear at an event under the sponsorship of one of Austria's largest companies.) In another case, the SPO charged Schuessel with having stood by several years ago while his wife hired an illegal caregiver for her father (who has since died). In the latter version of "nannygate," it quickly emerged that this was common practice, and that even the highly popular Federal President and SPO leader, Heinz Fischer, had done so. The cry of "he's

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almost as bad as us" would not have turned the race around, but it probably served to solidify the SPO base somewhat.

17. (SBU) For their part, the OVP has played the last two weeks in a relatively low-key way. The party itself has left the BAWAG issue to the OVP-affiliated trade union, but even it has been remarkably silent on the issue. However, if Schuessel is playing like a football team protecting a lead, he is also playing like a coach who does not want to embarrass his opponent. In fact, Schuessel and SPO head Alfred Gusenbauer apparently have a perfectly fine personal relationship, and Schuessel knows that the chances are that he and Gusenbauer will have to work together in the next government.

Match-Making

18. (SBU) On September 28, in the so-called "elephant round" -- the televised debate among party leaders -- Schuessel declared that he could form coalitions with the SPO, Greens or BZO. He also explicitly ruled out a coalition with the FPO. With the BZO (and Hans-Peter Martin) fading fast, and the Greens apparently unable to draw much support beyond their historic levels, the prospect of an OVP-SPO "Grand Coalition" is the odds-on favorite. Under that scenario, the SPO would join the government as the junior coalition partner, probably laying claim to the Foreign Ministry and other key ministries. If the SPO does as currently expected -- 35 percent or better -- Gusenbauer would likely become Vice Chancellor and Foreign Minister. If the SPO falls below about 34 percent, chances are that Gusenbauer would have to bow out.

¶9. (SBU) Coalition negotiations in Austria tend to take at least a month, and have dragged on for as long as six months. What is clear is that we will not wake up on October 2 with a new government in place. Instead, the Federal President will ask the leader of the party with the most votes -- probably Schuessel -- to begin talks to form a government. Many of our contacts point out that if the SPÖ is the only choice, the talks will probably take longer, as the SPÖ tries to take its pound of flesh from Schuessel. The Austrian public would probably start getting antsy if they hit the Christmas break (December 22) without a government.

¶10. (SBU) There are alternatives, of course. The numbers could work for an ÖVP-Green ("Black-Green") coalition (if the Greens can agree among themselves to enter government under terms Schuessel can accept). However, the Greens do not seem to have added to their strength recently, and this is therefore only a marginal possibility. For the same reason, an SPÖ-Green ("Red-Green") coalition is even less likely. An ÖVP-BZÖ coalition is practically impossible. Even if the BZÖ entered parliament, chances are that its meager number of seats would not help the ÖVP form a coalition. Numerically, there remains the possibility of an ÖVP-FPO coalition. Schuessel, as noted above, and all of his advisors have categorically ruled this out. Of course, Austrians recall that, before the 1999 election, Schuessel had stated categorically that he would quit if he came in third -- and instead, he formed a coalition with Jörg Haider's FPO. But times and people change. In 1999, the FPO drew a majority of its votes from people who were tired of Grand Coalitions, which represented such a finely-tuned internal balance that they could take no initiatives. In addition, the 1999 FPO still included its "economic liberal" wing. That is one reason the business community favored a coalition with the FPO in 1999. But the FPO's liberal wing is now long gone. Today, Schuessel could no longer justify a coalition with the FPO.

McCaw